

Failed U.S. Policy Reinforced Noriega

Misjudgments and Agency Disputes Cited as Flaws in Panama Planning

By Robert Pear and Neil A. Lewis
New York Times Service

WASHINGTON — The collapse of the U.S. effort to persuade General Manuel Antonio Noriega to step down as leader of Panama resulted from a series of miscalculations and a fundamental lack of coordination among the agencies responsible for policy toward Panama, according to U.S. officials and diplomats.

While administration officials said they have not abandoned the goal of forcing General Noriega from power, they acknowledged in interviews that their actions have served to embolden the general and made it more difficult to achieve his departure.

For nearly a year, the administration's policy was riddled with misjudgments, and neither the White House nor the National Security Council staff reconciled the conflicting objectives and priorities of different agencies.

General Noriega skillfully played off one U.S. government agency against another. He was heartened by news reports in late March that the administration's policy was in disarray, U.S. officials said. He dug in his heels when he learned in early April that the Pentagon was fighting State Department proposals to remove him by force.

"The whole explanation for the mismanagement of Panama policy can be found in the workings and dynamics of inter-agency meetings, which failed to produce a sharp instrument to attain our objectives," a White House official said Sunday.

The Central Intelligence Agency repeatedly warned that the effort to oust General Noriega would be difficult because there was relatively little opposition to him within the Panamanian armed forces. State Department officials predicted in March that he would soon be overthrown, but after an unsuccessful coup attempt on March 16, they acknowledged that they had overestimated the number and competence of his opponents in the armed forces.

Treasury Department officials responsible for enforcing economic sanctions against Panama doubted their value from the outset. They said it was a mistake for the administration to argue that the sanctions would quickly bring about the departure of General Noriega. The sanctions have caused economic chaos in Panama, but appear to have hurt the general less than ordinary Panamanians and U.S. companies doing business there.

Similarly, officials at the U.S. Embassy in Panama say the State Department made a mistake by setting deadlines for General Noriega to leave his country. Simply by sur-



General Manuel Antonio Noriega, the Panamanian leader.

viving beyond those deadlines, he won a tactical victory over a superpower, they said.

Current and former officials offered these other examples of misjudgment and the lack of coordination among agencies:

- State Department officials knew that two federal grand juries were investigating General Noriega's links to drug smuggling, but they were not told he would be indicted until three days before the criminal charges were announced on Feb. 5. Justice Department officials cited the secrecy of the grand jury as a reason for refusing to share information with a senior State Department official, who said, "We were caught flat-footed."
- State Department officials expected that the indictments would weaken the general's political position and lead quickly to his resignation as commander of the National Defense Forces. Elliott Abrams, the assistant secretary of state for inter-American affairs, said on March 27 that the general was clinging to power "by his fingernails." But department officials now acknowledge that the indictments had the opposite effect, making General Noriega reluctant to surrender power and leave Panama because he feared he could then be extradited to the United States.
- President Ronald Reagan's political strategists were not involved in the discussions of Panama policy. The State Department was surprised when it encountered an outcry of criticism for proposing to drop the indictments if General Noriega resigned. Mr. Abrams said he now realized the deal would have been "wildly unpopular in the United States."
- Congressional rejection of Mr. Reagan's proposal to send more military aid to the Nicaraguan rebels had a subtle but significant psychological effect on formulation of Panama policy. State Department officials tended to favor an aggressive policy in Panama to prove, as one said, that the United States was not a "spent force," a paper tiger, in Central America.
- "The roles were always reversed," a White House official said. "The diplomats wanted a muscular military policy. The soldiers, who would have to do the fighting, wanted negotiations with Noriega."
- Panama policy was forged by an inter-agency advisory panel known as the Policy Review Group, comprising senior officials from the Departments of State and Defense, intelligence agencies and the staff of the National Security Council. The person who presided was the deputy assistant to the president for national security affairs: first, Lieutenant General Colin L. Powell and then, as of November 1987, John D. Negroponte.
- General Powell, the current national security adviser and a military officer accustomed to giving orders, was forceful; Mr. Negroponte, a career diplomat, was more cautious, more conciliatory, more reluctant to make crisp decisions if they would offend agencies involved in the secret deliberations.
- Among the most influential participants in these meetings was Vice Admiral Jonathan H. Howe, assistant to the chairman of the Joint Chiefs of Staff, who effectively raised questions about Mr. Abrams's proposals to undermine General Noriega.
- When, for example, the State Department suggested installing Eric Arturo Delvalle, the ousted president of Panama, in a military compound protected by U.S. troops, Admiral Howe argued that such action would set a precedent that might scare other countries with U.S. military bases.
- Vice President George Bush's role in the development of policy toward Panama is vague, but he expressed strenuous objections to dropping the indictments as the shape of the proposed deal with General Noriega became clear.
- Mr. Bush's national security adviser, Donald P. Gregg, used salty language to denounce the deal at a meeting with the staff of the National Security Council in the middle of May. At about the same time, Mr. Bush expressed similar concerns in conversations with Mr. Reagan, according to another White House official. Then, on May 18, in a speech in Los Angeles, Mr. Bush broke publicly with the administration, saying he would not bargain with drug dealers.
- Mr. Bush, the likely Republican nominee for president, spoke out at a time when he was slipping in public opinion polls and trying to establish an independent political identity.

U.S. Forces Losing Drug War

To Date, Military Has Shunned Law Enforcement Role

By Richard Halloran
New York Times Service

WASHINGTON — Even as Congress moves closer to giving the armed forces more responsibility in the war against drugs, the experience of the last six years suggests that previous efforts by the military have been only marginally effective.

The air force, for instance, dispatched Airborne Warning and Control System surveillance planes crammed with advanced radar and sophisticated computers almost every day last year and this year, seeking smugglers in low-flying aircraft crossing the border with Mexico or the coastlines.

In all of 1987, that effort led to the apprehension of two drug smugglers. So far this year, no arrests have resulted from those missions. With other aircraft, air force operations led to eight more arrests last year and three arrests in the first three months of this year.

The navy devoted 2,500 days of sending out ships and 2,100 aerial sorties to the anti-drug effort last year. The activity resulted in the discovery of 27 ships carrying illicit drugs, the seizure of 168,000 pounds (76,360 kilograms) of marijuana and 1,900 pounds of cocaine and the arrests of 57 smugglers. In the first three months of this year, one ship was found with drugs aboard.

Those experiences illustrate the difficulty of translating into practical terms the new direction that Congress has set for the fight against drugs, involving the military over the objections of the Defense Department and despite a historical reluctance to have the military act as law-enforcement officers.

That is the assessment drawn from air force, navy, army, coast guard and customs service officials around the country, plus recent reports from the Rand Corp., a private research organization, and the General Accounting Office, an investigative arm of the Congress.

All told, the armed forces spent \$389 million to fight drug trafficking last year. But the accounting office, in a report to Congress, concluded: "We found no direct correlation between resources spent to interdict and the long-term availability of imported drugs in the domestic market."

Moreover, anti-drug operations by the armed forces have hardly been economical. An AWACS plane with upgraded equipment costs \$179 million, not counting the \$50 million a year for operations plus the training of a highly specialized crew.

In contrast, a new Lockheed P-3 equipped with radar aimed to interdicting small planes flying low and slow is to be delivered to the customs service in June and to go into operation in September. It cost \$19 million. A spokesman for the customs service said it plans to buy three more P-3s.

On Friday, the Senate approved a bill that instructs the armed forces to take a greater part in fighting drug traffic, although it did not go so far as an earlier bill passed by the House that requires the military to seal the borders to drug smugglers. The two versions are to be reconciled.

To carry out the intent of Congress, the armed forces may be re-

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'We found no direct correlation between resources spent to interdict and the long-term availability of imported drugs in the domestic market.'
U.S. General Accounting Office

PUBLICATION JUDICIAIRE

CONTREFAÇON DE LA MARQUE "N° 5" DE LA SOCIÉTÉ CHANEL

Par un Jugement en date du 19 Septembre 1986 le Tribunal de Grande Instance de Paris :

- Dit que l'utilisation par la Société ESTEREL PRODUCTION de la marque "N° 5" pour désigner un produit parfumé dénommé "SEX APPEAL N° 5" constitue la contrefaçon de la marque "N° 5" dont la Société CHANEL est titulaire.
- Fait interdiction à la Société "ESTEREL PRODUCTION" de faire usage à quelque titre et sous quelque forme que ce soit de la marque "N° 5".
- Ordonne la remise à la Société CHANEL en vue de leur destruction ou devant Huisier aux frais de la Société ESTEREL PRODUCTION de tous les produits portant la dénomination "N° 5".
- Condamne la Société ESTEREL PRODUCTION à payer à la Société CHANEL la somme de 60.000 F (SOIXANTE MILLE FRANCS) à titre de dommages-intérêts et la somme de 2.000 F (DEUX MILLE FRANCS) en application de l'article 700 du Nouveau Code de la Procédure Civile.
- Autorise la Société CHANEL à faire publier le dispositif du présent Jugement dans trois journaux ou revues de son choix et aux frais de la Société ESTEREL PRODUCTION.

Par un arrêt en date du 22 Mars 1988, la Cour d'Appel de Paris :

- Confirme le Jugement du Tribunal de Grande Instance de Paris (3^e chambre - 2^e section) du 19 Septembre 1986 sauf en ce qui concerne le montant des dommages-intérêts alloués à la Société CHANEL.
- Réformant de ce chef et ajoutant au Jugement :
- Condamne la Société ESTEREL PRODUCTION à payer à la Société CHANEL :
 - 1^o - un réparation de son préjudice, toutes causes confondues, une indemnité élevée à la somme de 100.000 F.
 - 2^o - au titre de l'article 700 du nouveau code de procédure civile une somme supplémentaire de 3.000 F.

Dit que la publication du dispositif du Jugement fera mention de sa confirmation par le présent arrêt et des modifications qu'il y apporte...

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Slowly, Japan Is Warming Up to Israel

By Fred Hiatt
Washington Post Service

TOKYO — Japan's historically cool relations with Israel have entered a gradual warming phase as Foreign Minister Sosuke Uno prepares for a trip next month that will make him the first Japanese cabinet minister to visit the Jewish state.

Mr. Uno's plan to visit Israel and three Arab countries in late June is portrayed here as evidence of an increasingly active role by Japan in world affairs, in keeping with its new economic might. But it also has been welcomed by Israeli officials as a sign of a more even-handed policy in the Middle East.

Japan, which imports two-thirds of its oil from Arab nations, remains far closer to the Arab world than to Israel, with which many of its largest corporations refuse to trade. Some members of the Japanese Congress have criticized the Japanese for demanding free trade in U.S.-Japanese relations while largely honoring the Arab boycott of Israel.

But as the Uno visit shows, things are beginning to change. The

volume of trade between the two nations, only \$400 million in 1985, is expected to reach \$1.2 billion this year. Still, that is less than one-twentieth the total volume of Japan's trade with Arab nations.

Mitsubishi Motors Corp. this year became the first major Japanese auto manufacturer to export to Israel, where, according to an Israeli official, its cars have "become an instant hit."

Trade delegations have exchanged visits, and Tokyo sponsored a "Japan Week" last year in Israel.

"There is some kind of very interesting change taking place," an Israeli official said in Tokyo. "It's a sign of Japan's maturity in the international arena — they came to the conclusion that they have to at least listen to all sides."

A Foreign Ministry spokesman, Yoshifumi Matsuda, and other Japanese officials described Mr. Uno's visit in similar terms, portraying the opening to Jerusalem as evidence of Prime Minister Noboru Takeshita's determination to be more active in world peacemaking efforts.

"We do need a dialogue with both sides, not just one, but both," Mr. Matsuda said.

But Japanese officials, anxious not to offend their Arab friends, played down the importance of Mr. Uno's trip. Mr. Matsuda said that he could not explain why the visit he was taking place now, 40 years after the birth of Israel and three years after a visit to Tokyo by Yitzhak Shamir, who was foreign minister at the time and is now prime minister.

A high-ranking Foreign Ministry official, who requested anonymity, said Mr. Uno's visit was merely a continuation of Japanese efforts. He said the increase in bilateral trade stemmed exclusively from Israel's improving economy.

"Japan is a global economic power, and if the economic fundamentals turn good, trade will increase," the official said. "It is not political, it is purely economic."

Asked whether he expected Arab nations to object to the increasing trade, the official said, "I cannot say because the situation is very much sensitive and flexible."

Japanese officials have maintained that they cannot enforce an economic boycott of Israel. But Ja-

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Global Paper

UPDATE

OPINION

This Time the Summiters Had a Professional Run-Up

By William Safire

MOSCOW — At last we face the possibility of a sobered Reagan-Gorbachev summit meeting. After the euphoria of Geneva, the frenzy at Reykjavik and the super-salesmanship in Washington, we approach R-G IV somewhat subdued. It's a pity we have to break up the team just when they're getting the hang of it. The reason that this summit may be historic is that its run-up has not been historic. Instead of concentrating on arms control, as the Russians always want, the U.S. plan this time was to address the entire range of relations, a linkage that nettles the Kremlin. Ronald Reagan's intention here to dwell on human and religious rights at first caused a touch of diplomatic froth to invigorate these warm Moscow summit nights. But Mikhail Gorbachev knows that he cannot now demand an arm deal to ease his economic plight; ever since Richard Nixon and Henry Kissinger withdrew their support of the proposed strategic arms reduction agreement, that plan was doomed for this presidency. What ingredients are left with which to bake a respectable summit pie? The Soviet leader scorns rights for dissidents because he is encouraging free speech for non-dissidents who will castigate his bureaucratic enemies. Nor do cultural exchanges and navigation treaties make the kind of news to grace the Reagan sunset or the Gorbachev party conference. That leaves "regional issues" — the euphemism for American-backed resistance to Soviet imperialism — as the test of superpower progress. Afghanistan is all but solved; Ethiopia, with its proximity to the Middle East, is too useful to the Russians to solve now, despite the famine; the occupation of Cambodia by Vietnam is not ripe for solution; with the contras abandoned, the Russians have no incentives to help make peace in Central America; and Eastern Europe, which is so un-Russian that it calls itself Central Europe, is an area where the coming turmoil catches America without a policy. Which leaves Angola. That central African oil-producing country is a Soviet puppet held up by Cuban mercenaries. To gain a military advantage against Jonas Savimbi and his UNITA resistance, Mr. Gorbachev sent in 7,000 more Cubans in the last few months, bringing the total to 45,000. But the



Elysium Has Its Flaws

By Charlotte Evans

WASHINGTON — When people find out that I have spent a sabbatical year in New Zealand, I can't escape. "Tell me about it," they implore. "Is it as beautiful as they say?" Urban Americans seem to think of New Zealand as Elysium. Visions of woolly lambs dance. New Zealand is indeed lovely, it should be said as the outset — a splendid double emerald island set in aquamarine. The vistas are enthralling. The people are engaging. The air is clean. Outdoor pursuits are accessible. Nasturtiums bloom in

island, that you can live happily ever after by eating fish. With beef and lamb selling for the American equivalent of about \$3.90 a pound, prime fish is now about \$10.35 a pound. And I never saw abalone (they call it paua, dive for it and cook it on beach buffets) in any fish store. Blame the export market. The only shrimp are Australian and frozen. If you can't live without Hellmann's mayonnaise, bring your own. The Kiwi variety reeks of sugar. For the most part, requests for decaffeinated coffee bring only stares. There are two television stations, with a third due to start broadcasting next year. That wouldn't be so bad if one of the other weren't always carrying 498 straight hours of rugby or cricket in between bouts of "Dallas" or "Dynasty." On average, there is one murder a week. There is no resident opera company. In the realm of mixed drinks, a double is the equivalent of a rigorously measured American single. In summer, male bankers often wear Bermuda shorts to work. Finding a parking space in downtown Wellington or Auckland is about as easy as finding one in New York. Smoking, unlike nuclear weapons, is not yet unfashionable. But go by all means. This is a country sensible enough to limit a national election campaign to three weeks. The New York Times.

MEANWHILE

winter. The milkman delivers to your door. The lamb chops are sublime. But if you are thinking of living there, it is only fair to note a few imperfections. Mortgage rates, currently about 17 percent, are not tax deductible. Central heating, while making inroads, is not the norm, and fingers that stray from winter bedclothes can be stiff with cold by morning. I did discover the comforts of hot water bottles. Don't think it all right to drink from a stream near a sheep station high in the mountains, not even if the small children of the family you are visiting do it. I tried it once and have never been so sick. Don't think, just because you're on an

LETTERS TO THE EDITOR

Military Spending: Either More of It or Smarter Use

U.S. Representative Patricia Schroeder (Letters, May 18) did advocate lower defense expenditures for all, in her essay on military burden-sharing ("The Allies Are Free-loading," May 3). She has always suggested this, regardless of the circumstances. My opinion column "Burden Sharing: The Allies Are Doing Their Part" (May 13) did not reflect any misunderstanding of her position. I think that the West should do precisely the opposite, and spend more on defense, or at least spend what it can in a more clever way. As far as the United States is concerned, I am sure that allied

corresponding shift in Soviet thinking. Political autonomy for the Palestinians would break through a psychological barrier to peaceful coexistence in many minds. It deserves a try. HAIM HABIB, Agaña, Guam.

A Cure for Bad Aides

In his opinion column "A Severe Case of Bad White House Aides" (May 11), Jim Hoagland describes only the symptoms of a disease created by campaign image-making, which somehow is allowed to continue past the elections. That we are not afforded a critical view penetrating the illusion is the disease, which bad aides are only the natural result. A better opportunity to see through the illusion may be the cure. May we hope for more penetrating news coverage of the political process. PAUL EGLY, Barcelona.

Budd: Bad Sports Win

Several articles have appeared in recent weeks on the Zola Budd controversy. As a young athlete, I find it sad that in an Olympic year the individual rights of an athlete are so casually dismissed. I do not disagree that we must be fully

aware of the wider implications of allowing her to compete on the British track and field team. But we must not fall prey to political pressure. It will be a tragedy, after her years of sacrifice, hard work and commitment, if Zola Budd is denied a chance to test herself against the world's best athletes. ANNE PINARD, London.

International sports events have for centuries provided a temporary respite from the social and political problems of the day, encouraging a spirit of courteous competition and multicultural tolerance. What a pity that the organizations responsible for continuing this fine tradition have been corrupted by a few countries and individuals. Can sportsmanship no longer provide a safe refuge from political tripe? ALAN STARR, Cologne, West Germany.

Explaining the Magic

Regarding "American Voters Seem to Like Magic" (May 13) by Anthony Lewis: Mr. Lewis challenges historians to "explain why Americans in the 1980s were determined to believe in pie in the sky." I believe this is more a question for psychologists. Still, as a historian I

would say: Compare 1988 with 1980. Take the prestige of the United States in the world and the health of its economy measured by the number of employed people and the level of inflation. Nothing will ever be perfect, but this situation certainly is showing an improvement. WOLFGANG OPPENHEIMER, Ascona, Switzerland.

Mr. Lewis says that "Ronald Reagan is still the man who believed that you could tax less, spend more and balance the budget." But so did Congress. TEUVO LEHTI, Gex, France.

A Welcome Portrait of Bush

Regarding the opinion column "This George Bush You Ridicule is Unknown to Me" by Peter Rousset (May 19): Thank you, Mr. Rousset, for sharing your insight about the man you know. For this American, living outside the United States, without the resources to discover these facts on my own, and being exposed solely to newspaper stories that do no justice to the man you portrayed, it is difficult to know in whom to put my trust in November. DIANA PTAK, Grasse, France.

GENERAL NEWS

Iraqi Troops Sweep Iranians From Part of Occupied Lands

By Patrick E. Tyler
Washington Post Service
SHALAMCHEH, Iraq — In a continuing military campaign that in Western circles seemed improbable six weeks ago, the Iraqi Army has completed a major sweep of Iranian occupation forces from part of Iraq's southern territories. On this dusty, desert battlefield 15 miles (24 kilometers) east of the southern port city of Basra, a bombed-out police station is the only trace of the border town that once stood here. Iran's Revolutionary Guards — the zealous combatants at the vanguard of Tehran's front-line forces — staged what appeared to be an uncharacteristic and hasty withdrawal Wednesday in the face of a concentrated Iraqi drive to the international border. After a four-hour tour of the battlefield, it is apparent that Iraq now controls the eastern approach to Basra, Iraq's second-largest city,

and has cleared a corridor all the way to Shalamcheh, where Iranian Revolutionary Guards dug in during a January 1987 offensive. The Iraqi victory followed an April offensive in which Baghdad's forces removed Iranians occupying the southern Faw peninsula. Left behind in the searing heat were acres of empty trenches, sand-mound emplacements, barbed wire, tank snares and mine fields. Also lingering in the air was the stench of death from several hundred Iranian corpses, along with the unanswered question: What is happening in Iran? President Saddam Hussein of Iraq, in an address to the military on Saturday, asserted that the Iraqi Army had established a new battlefield superiority. He said that "time is in our favor" in liberating the remaining border areas occupied by Iran, because Iranian soldiers "lack the motive and morale by which they used to fight." Iraq's state news agency reported. Comments by diplomats and military observers in Baghdad seemed to lend credence to the Iraqi president's statement. Diplomats whose countries maintain relations with both sides describe Iran's leadership as being in political disarray, while its popular support for the war appears to be waning. The first Western journalists to reach this battleground, reclaimed by Iraq's 3rd Army and Republican Guard forces, found evidence that the nine-hour Iraqi blitz had met with little resistance. Iranian gun emplacements and bunkers were littered with unused ammunition, grenades, small rockets and bullets. Artillery positions were in a similar state, with small piles of spent shell casings next to stacks of wooden crates filled with unused shells. Iranian troops left behind their gas masks, clothing, portable equipment and personal effects. Iraqi gunners still were sending artillery salvos into an area just north of Shalamcheh, apparently to flush out Iranian troops still occupying areas east of the large, man-made water barrier known as Fish Lake. News-agency reporters who toured the battlefield Thursday said Iraqi escorts took them to a desert area in the battle zone and told them they were looking at Fish Lake, which they said had been drained over the past year to facilitate a counterattack. In traveling to the border zone, reporters riding in four-wheeled-drive military vehicles passed through the layered defenses the Iraqi Army erected over the last year to protect Basra from any major Iranian assault. Massive earthen berms, con-

crete bunkers and heavily fortified trenches have been constructed in concentric rings through the desert. Thirty-foot mounds, rising like small pyramids on the horizon, served as artillery and observation platforms. Acres of barbed wire, tank obstructions and mines filled the no-man's land between each Iraqi defensive line. Iraqi troops, according to several military officials, are under orders not to talk to visiting journalists about this offensive or the earlier one to recapture Faw. Western reporters also were not allowed to speak to 350 Iranian prisoners, who Iraqi officials said were captured during the offensive. "You may only photograph them," said one Iraqi officer, who said he was not allowed to give his name. Despite this silence, the Iraqi Army's actions on the war front make clear the new strategy of its political leadership under Saddam Hussein. After 10 months of waiting for the United Nations to enforce the cease-fire resolution passed by the Security Council last July 20, Iraqi leaders say they once again are taking the war into their own hands in hopes of forcing Tehran to accept international terms for peace. There were signs during the weekend that Iraq's new offensive line was having an effect. Diplomatic sources said that Iran appears more amenable to a new international peace initiative. Other diplomatic sources in Baghdad said the United States and other Western countries were now urging Iraqi officials to show more flexibility toward any new cease-fire formula advanced by the UN secretary-general, Javier Perez de Cuellar. But as one Western official said, "I think we are in a phase where the Iraqis have come down in granite that Iran must first accept Resolution 598." The UN resolution calls for a cease-fire, withdrawal to international borders, exchange of prisoners and an inquiry into the origins of the war. In the immediate future, diplomatic sources in Baghdad expect Iraq to continue its offensive strategy. A Western diplomat said, "A great unknown is the extent of disarray in Iran."

Ozal Meets Arafat On Visit to Libya

ANKARA — Prime Minister Turgut Ozal of Turkey, on a three-day official visit to Libya, met the Palestine Liberation Organization leader, Yasser Arafat, in Tripoli on Monday. Turkey's Anatolian News Agency gave no details of the talks between Mr. Ozal and Mr. Arafat, who arrived in the Libyan capital on Sunday. The agency said the meeting was requested by Mr. Arafat, in Tripoli, for reconciliation talks with the Libyan leader, Colonel Moammar Gadhafi after a six-year rift. Mr. Ozal earlier had separate talks with Colonel Gadhafi. Mr. Ozal, quoted by the Libyan news agency JANA on Sunday, said Turkey regarded the PLO as the sole representative of the Palestinian people and praised the Palestinian uprising in the Israeli-occupied Gaza Strip and West Bank. Before leaving Ankara, Mr. Ozal said he would try to persuade Libya to withdraw an objection to letters of guarantee from Turkish banks for major construction projects. Libya wants Turkish Central Bank guarantees instead. About 25,000 Turks work for 25 Turkish construction firms in Libya on projects estimated to be worth a total of \$400 million.

MEMORIAL NOTICE
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With sympathy and love to her parents in Pennsylvania from her family in France.

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THE MOSCOW SUMMIT: In Angolan hills, Namibian exiles also seek news from the Kremlin talks.

Soviet History Exams Canceled Until Texts Are Brought Up to Date

By Esther B. Fein

New York Times Service MOSCOW — The Soviet Union has canceled final secondary-school history examinations...

historical information, being revealed for the first time in newspaper and magazine articles, television programs and films.

School officials, parents and students said they had been informed about two weeks ago by the State Committee on Education...

Everything depends on the teachers, Mr. Topaler said. An educated, interested teacher...

Students at English School No. 29 in central Moscow, visited Monday morning by the first lady, Nancy Reagan...

New textbooks, currently being prepared, will correct not only omissions and mistakes in Soviet history...



A Russian woman kisses Nancy Reagan's hand after the first lady visited the grave of Boris Pasternak, the author of "Doctor Zhivago."

Namibians See Hope for Independence

By James Brooke

New York Times Service CABUTA, Angola — In coming days, when evening settles over the plank cabins and thatched huts...

The withdrawal of Cuban troops from Angola for the independence of South-West Africa...

280 kilometers (175 miles) north of the Namibian border in Lubango, a city in southern Angola...

The South Africans maintain that they are winning the war against the guerrillas...

SUMMIT BRIEFS Soviets Aim 'Supervodka' at U.S. MOSCOW (AP) — While Soviet authorities wage a domestic war against rampant alcoholism...

Pravda Reports Call to Eliminate State Planning MOSCOW — Soviet leaders have discussed the possibility of eliminating state economic planning...

Summit: Reagan Renewes Plea (Continued from Page 1) Addressing a group of bearded monks and church leaders...

Bonn Reports AIDS Deaths BONN — A total of 881 people have died of AIDS in West Germany...

Deposed Soviet Aide, Yeltsin, Says Ligachev Should Be Dismissed

By David Remnick

Washington Post Service

MOSCOW — Boris N. Yeltsin, who was dismissed from the Kremlin leadership last year after making a controversial speech...

to if reforms were to succeed, and Mr. Yeltsin said: "It is up to the Central Committee. But, of course, it would be possible to develop the process more actively with someone else in that post."

Mr. Yeltsin denied that, contrary to some reports, he had spoken out in his speech to a Central Committee meeting last October...

Mr. Yeltsin, who had given an interview to the German edition of the Moscow News earlier this year and spoke briefly with a reporter...

Mr. Yeltsin said he had not spoken out in his speech to a Central Committee meeting last October...

Jonathan Sanders, a Columbia University professor of Soviet politics who accompanied the CBS team to Mr. Yeltsin's office for the interview, said:

Angola's president, José Eduardo dos Santos, has said the independence of Namibia is central to any regional peace package.

Yeltsin said that without Mr. Ligachev, the Communist Party would have progressed more economically...



President Reagan talking Monday with Abe Stolar, an American who went to the Soviet Union in the 1930s and wants to leave.

DISSIDENTS: Talk of Hope

(Continued from Page 1)

important as a symbol," said Alexander Podrabinek, who was imprisoned in the 1970s for his role in revealing the use of the Soviet psychiatric against political dissidents.

risking your jobs, your homes, your all. Near the close of his speech, he quoted the last poem written by the 19th-century Russian poet Alexander Pushkin:

During the event, with its speeches and silver tea pitchers, its formal flags and simple cookies, and its odd juxtaposition of grimaced U.S. Secret Service men and restless, fractious children in party dress...

Among those seated at Mrs. Nancy Reagan's table was a Lithuanian nationalist, Nijole Sadunaitė, whom the president has publicly hailed.

Shortly after the president sat down, Mr. Timofeyev leaned forward to tell the president:

The economy is still suffering, said Gunnar Berggren, a Swedish Conservative-led member of parliament who said this morning:

Mr. Reagan said: "I came here hoping to do what I could to give you strength. Yet, I already know that it is you who have strengthened me, you who have given me a message to carry back."

Two of the Jews present, Inna Uspenskaya and David Shvartsman, refused the proffered cookies, saying they were in the midst of hunger strikes.

ASSESS: A Missionary's Dream

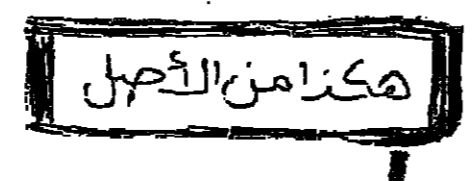
(Continued from page 1)

stricting travel in and out of the U.S.S.R., your economy will be limited in its ability to be part of the world economy."

if they feel "the country of their ancestry" is being mistreated. There is also a practical side to Mr. Reagan's emphasis on human rights...



"It's easy to dress like a millionaire..."



Vertical text on the right edge of the page, including dates and partial headlines like 'IN THE N...', 'Sept. 15, 1987: E...', 'Loses Seats in E...', 'March 11: Wage Sparks Large Pro...', 'April 22: Norway (oil Restriction Po...', 'May 4: Nuclear Imp Reported Diverted', 'Jolt Fr Leaves', 'By Henry Her...', 'O SLO — Three year...

Norway: Trying Times

A Process of Adjustment

Economic, Political Shocks Prompt New Questions

Rise of far right may transform political scene.

By Hilary Barnes

OSLO — Norway is creating and groaning under pressures of fundamental change. Political upheaval is threatened in the parliamentary election of September 1989 by the rise of the populist, far-right Progress Party. The economy is being forced to adjust to the country's status as a major producer of oil and gas from the North Sea and to the switchback ride inflicted by fluctuating oil prices. And important decisions about Norway's place in the international community lie ahead, especially the question of whether to join the European Community.

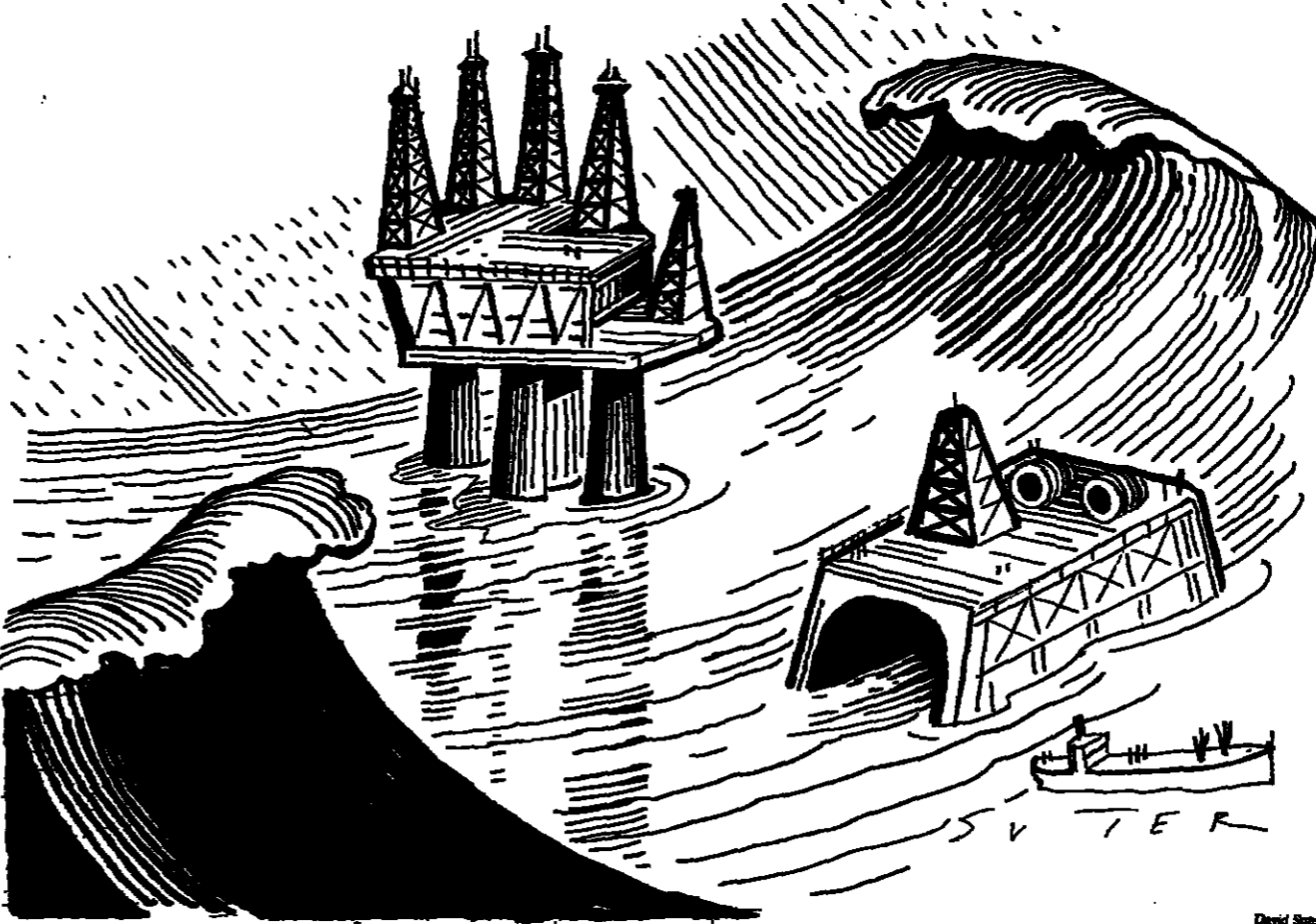
The political establishment was shocked by an April opinion poll that gave Prime Minister Gro Harlem Brundtland's Labor Party 27 percent of the vote, down from 40.8 percent in the 1985 election; the Conservatives 21.4 percent, down from 30.4 percent, and the Progress Party 23.5 percent, up from only 3.1 percent in 1985.

The Progress Party is led by Carl I. Hagen, 43, a television personality. The April poll result was widely attributed to the TV exposure he gained when the party's annual congress was held just before the survey was taken.

Mr. Hagen's populist mixture includes a general denunciation of the establishment politicians for incompetence and time-serving, and a demand for a more restrictive policy on refugees (an influx of refugees from the Middle East and Iran in 1986 and 1987 has upset the ethnocentric Norwegians). He also wants a tougher line on crime and big tax reductions.

These points have considerable appeal to blue-collar workers, traditional supporters of the Labor Party. The ruling party, however, has become increasingly dominated by the employees of the vast public sector.

A major scandal in the past year also played into the hands of Mr. Hagen last year, when massive cost overruns were uncovered at the state-owned oil company Statoil's most presti-



David Stone

gious project — a new crude storage terminal and extended refinery at Mongstad on the west coast. Latest figures now put that overrun at over \$1.3 billion.

The country's acute economic problems, caused by the fall in oil prices since 1985, have also helped Mr. Hagen. The crisis has hit many Norwegians hard, since home purchases are largely financed with variable-interest loans from banks. Rising interest rates have caused a sharp rise in personal bankruptcies.

A statutory wage policy, limiting wage increases this year to 5 percent (including wage drifts and carry-over from 1987) and disallowing plant-level wage negotiations until next

spring, was imposed by Mrs. Brundtland's government in March.

The policy was implemented with the consent of LO, the Norwegian Federation of Trade Unions, and was seen as essential if wage inflation was to be brought under control after hourly wage costs increased 14 percent last year. (Half of the increase was caused by a reduction in working hours.)

Mr. Hagen has denounced the wage policy, calling it the kind of policy that one might have expected in Mussolini's Italy in the 1930s.

Mrs. Brundtland's government took office in May 1986, when the three-party coalition of former Prime Minister Kaare Willoch's Con-

servatives and the two small non-Socialist parties, the Christian People's Party and the Center Party, both largely based on a rural vote, resigned. The Willoch government was defeated on a tax issue by a coalition of Labor and the Progress Party. (There is no right of dissolution in the Storting, or parliament, for which elections are held every four years.)

Although Mrs. Brundtland does not have a majority, she has proved adept at playing off the Conservatives against the small parties and is set to remain in office until the next election.

The rise of the Progress Party has made the outcome of next year's election unpredictable. However, unless the Conservative Party, which

is now led by Jan P. Sysse, can re-establish cooperation with the Christians and the Center Party, the three will not present a credible alternative government and the way may be open for Labor to divide the right and rule.

Norway's international relations are dominated by its membership in the North Atlantic Treaty Organization, its proximity to the Soviet Union, with which it has a common border in the far north, and the future of its economic relations with Western Europe.

Mrs. Brundtland must deal with a certain amount of restiveness among party activists, who want the country to adopt non-nuclear policies, such as banning nuclear-armed warships from Norway and establishing a formalized Nordic nuclear-free zone (the Nordic countries are already de facto nuclear-free). These policies, however, are incompatible with Norway's NATO obligations.

However, Mrs. Brundtland, whose own pro-NATO credentials have never been in doubt, appears to have the party firmly under control.

For many Norwegians, the long-standing and massive Soviet naval buildup in the Kola peninsula makes NATO essential. As one of the few members that has lived up to NATO's 1979 call for a 3 percent increase in military spending, Norway generally stands in high regard with NATO.

THE DECISION in the 1950s not to permit foreign troops to be stationed on Norwegian territory has its drawbacks for those countries, notably the United States, that are committed to reinforce Norway in case of trouble. Norway does permit equipment to be stored for reinforcing troops, but, as part of its policy of "defense and reassurance" (reassurance to the Soviet Union that it does not plan to attack the Russians), these bases are sited in mid-Norway, which is not where the incoming troops would be operating.

The outstanding issue in relations with the Soviet Union is the question of a line of division into economic zones in the Barents Sea. No progress has been made on this matter. The Norwegians were disappointed that, having agreed to a compromise line of division with Sweden in the Baltic in January, the Soviets were not prepared to budge from their position on the Barents Sea.

Leading politicians in most parties are unhappy with the fact that the country is not a

Continued on page 8

IN THE NEWS

Sept. 15, 1987: Labor Party Loses Seats in Elections

In a setback to the minority government of Prime Minister Gro Harlem Brundtland, the Labor Party loses seats in local and regional elections. The far-right Progress Party wins 12.2 percent of the vote, up from 6.2 in the 1983 local elections and 4.6 percent in the 1985 general election.

March 11: Wage Legislation Sparks Large Protests



The government of Prime Minister Brundtland introduces stiff legislation limiting pay increases for most workers over the next year to one krona per hour. Thousands of workers in Oslo and 10 other cities stage strikes to protest the imposed labor settlement.

April 22: Norway Extends Oil Restriction Policy

A week ahead of the Organization of Petroleum Exporting Countries meetings in Vienna, Norway says it will extend a voluntary 7.5 percent reduction in the planned growth of its petroleum output until the end of this year. Norway, Western Europe's second biggest oil producer after Britain, is not a member of OPEC, but last year it began voluntary cutbacks to support the 13-nation cartel's efforts to boost oil prices.

May 4: Nuclear Ingredient Reported Diverted

Norway says that a significant amount of "heavy water," a key ingredient in the manufacturing of nuclear weapons, is missing and appears to have been diverted into the international black market for such materials. A spokesman from the Norwegian Foreign Ministry said the diversion appeared to be a result of an international conspiracy involving a West German company.

Seeking a Correction

Jolt From Declining Oil Prices Leaves Economy With a Hangover

By Henry Henriksen

OSLO — Three years after tumbling oil prices ended the money supply bonanza and the private overconsumption of Norwegians, the country is still fighting an economic hangover, and it still has a long way to go before economic imbalances can be corrected.

Norway faces considerable challenges. A gap has emerged between what it produces and what it uses. For a number of years, industries exposed to competition have seen only a modest increase in production, an increase that is too small for the economy to tolerate low oil prices over a long period.

Increases in prices and costs in the 1980s have been more rapid than in the countries with which Norway competes. In the 1985-1987 period, strong private consumption contributed to a serious deterioration in the balance of payments.

The oil price jolt turned a surplus on the current account balance of 27 billion kroner (\$4.5 billion) in 1985 into a deficit of 33 billion kroner in 1986 and 32 billion kroner last year. For 1988, revised figures show a deficit of 24 billion kroner.

The economy is still subject to excessive pressure, but Gunnar Berge, the minister of finance in the minority Labor government that succeeded a Conservative-led coalition government two years ago, said that the situation is improving.

Reflecting this improvement, the central bank cut its key interest rate at the beginning of May to 13.3 percent from 13.8 percent amid signs that the country's problems with high costs and trade imbalance could be receding.

Mr. Berge noted that people were beginning to understand that far-reaching and very serious problems must be overcome.

"There are signs that the economy will be back on track by 1990-91," he said in an interview.

Rising taxes but only moderate cuts in the growth of public spending are among his remedies for economic recovery.

However, his policy is sharply criticized by the conservative opposition, which wants real tax cuts and lower public spending. It says that increased public spending means that the Labor government cuts the share of the total resources that should help industries exposed to competition.

The opposition has also attacked an income policy settlement that was accepted by the trade unions only after the government offered to lower the pension age from 67 to 65 years. A critical issue is the extremely high interest rates, which vary between 14.5 percent and 16 percent for first priority mortgage loans.

The Conservatives and other non-Socialists say that, as long as Labor does not want to carry out necessary economic steps, the interest rates will remain high.

Mr. Berge says that no new credit restrictions or taxes are planned for 1988 because steps already taken over the last two years appear to have been effective.

They include a significant squeeze, affecting financial and credit policies as well as the



Mr. Berge, left, and Gro Harlem Brundtland at a news conference.

Finance Minister Gunnar Berge anticipates recovery by 1990-1991.

income policy cooperation with the labor unions.

Mr. Berge pointed out that, after a dramatic 20 percent increase in private consumption between 1984-1986, consumption went down by 2 percent last year and was expected to be cut by another 2 percent this year.

Trade figures, excluding oil, rigs and ships, showed falling imports and rising exports. While exports stagnated between 1984-1986 and imports rose by 40 percent, exports rose by 25 percent between 1986-1988 while imports stagnated.

Daily oil production is over one million barrels. The value rose from 56.9 billion kroner last year to an estimated 57.5 billion kroner this year. Rising production compensated for a price of \$18.50 per barrel last year to \$16.20 this year.

In 1985, oil constituted 40 percent of the export earnings and 20 percent of the state revenues. Last year, lower prices and a lower dollar brought oil revenues down to 18.1 billion kroner, or 7 percent of the total revenues, while the 1988 figures were 12.3 billion kroner and 5 percent, respectively.

A major problem is an extreme shortage of labor and costs. The fact that the government will maintain high growth in the public sector will increase the pressure, experts said.

The unemployment rate has varied between 1.5 percent and 2 percent. In the Oslo area, it is even down to 0.2 percent.

Last year the public sector absorbed half of the employment growth, cutting access of labor for market-orientated activities. Figures also showed that profitability of export-related and investment projects were declining.

Wage drifts, made possible because of the tight labor market, have for years been a major cost problem in the fight by Norwegian industries to retain markets.

This spring, however, the labor unions agreed on an incomes policy settlement, which was voted into law by parliament. Under it, wage drifts are banned and any increase beyond 5 percent is illegal, except minor adjustments for special low-bracket groups.

The government aims to lower the consumer price index to 5 percent this year from 8.1 percent last year. But Mr. Berge's fight against inflation received a serious setback when the March index jumped 1.4 percent from February's index.

This means that from March to December, the index can only rise 1.6 percent. Experts say this is wishful thinking.

A combination of the new wage law, falling domestic demands, rising oil prices and the high interest rate explain why the Norwegian krone remains firm, silencing rumors of a possible devaluation.

HENRY HENRIKSEN is a journalist based in Oslo.

1987 Financial Highlights

In 1987 two companies joined forces to form one of Norway's largest industrial enterprises.

In their first year Aker and Norcem together achieved —

- * a 35% increase in sales to NOK 13 021 million
- * a 17% increase in income (after financial items) to NOK 474 million
- * a 20% increase in earnings per share to NOK 10.61

During the year, the group continued to expand in its principal areas of business which include the production of cement and heavy building materials, civil engineering and construction, offshore construction and services as well as property development.

The merger with Norema, Scandinavia's largest producer of furnishings and fittings, and the acquisition of Norwegian Contractors, a world leader in offshore concrete structures, are important developments in the group's activities.

In 1988 the group has continued to focus on a greater international involvement in the cement and concrete industry by joint venture acquisitions in the USA and of Castle Cement in the UK.

Now, with a new name, Aker a.s is going from strength to strength in Norway, the European Community — and the world.



ARTS / LEISURE

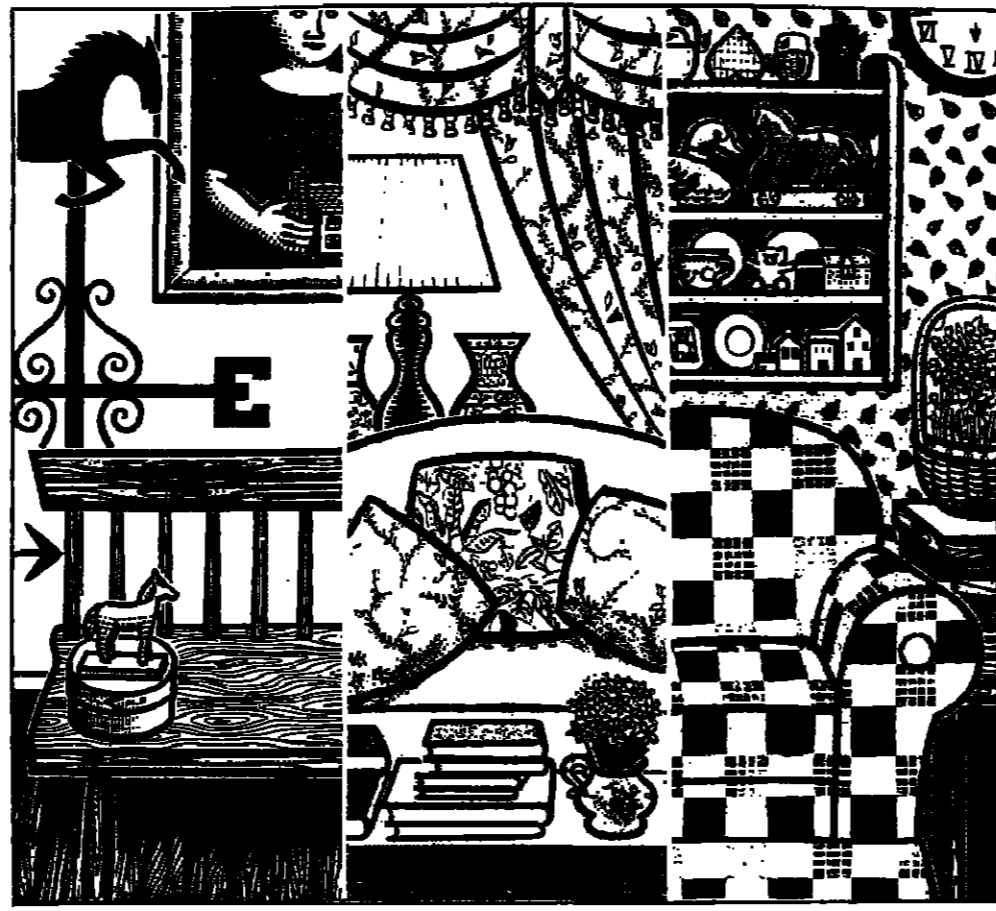
Country Look Is Fashionable In Urban U.S.

By Elaine Greene
New York Times Service
NEW YORK — These days the word country means big business in American towns and cities.

farmhouse is cozy and homey and replete with solid moral values," said Arlene Kagle, a New York psychologist. "We think of it as full of good smells."

None of these country decorating magazines existed before 1978, when the current leader, Country Living, was introduced.

What does this reveal about American taste today? "Most people who are educated in this country have a sense that a



Some aspects of the country style designs that are moving into American towns and city dwellings.

Witold Rybczynski, a professor of architecture at McGill University in Montreal, discusses Ralph Lauren's home furnishings collection in his 1986 book, "Home."

"An idea does not have to be accurate to be real," said Rybczynski. "One of the things I dislike about modern design is that it became too moralizing. All decor requires artifice; there's no such thing as natural decor."

JoAnn Barwick, who owns a house on Long Island and another in rural Connecticut, is the founding editor of Country Living and the editor in chief of House Beautiful.

American country is a broad and varied decorating style that gained momentum about 20 years ago. In this general category, three distinct substyles are seen.

Andrea Wilson is a labor arbitrator who lives with her husband, Fred, a banker and an artist, in a SoHo loft and a plain Long Island house attached to an old barn.

rooms "mainly for transplanted Easterners," reported seeing skulls being sold from trucks by the side of the Pacific Coast Highway.

Many style historians attribute the genesis of the American country style to the designer Sister Parish.

Two decades later, there seems to be enough white wicker to circle the globe, and the number of chintz patterns has reached the thousands.

When shown in the January 1967 issue of House & Garden, the house dazzled decorators the way Christian Dior's 1947 New Look did the fashion world.

Fashion plays a part in the likable looseness of American country. Right now English stripped pine seems to have peaked and old or new painted furniture is coming up fast.

Mary Emmering, a country stylist and an author, said, "I have stored away my wooden watermelons and brought in some ram skulls."

Parish called it old-fashioned, but it didn't look like work found in any farm home, past or present.

Two decades later, there seems to be enough white wicker to circle the globe, and the number of chintz patterns has reached the thousands.

"Anyone can enjoy feeling like a connoisseur," Mark Hampton, an Indiana-bred decorator based in New York, said.

Altfeld says he's submitted 484 songs to Chinese radio officials so far and they have rejected about half a dozen.

Roll Over Beethoven" was rejected because the Chinese found the song disrespectful.

U.S. Pop Hits China's Air

By Daniel Southerland
Washington Post Service
BEIJING — With a dream of reaching two billion ears, a team of American pop music promoters is bringing Michael Jackson, Huey Lewis and John Denver to a receptive but slightly confused Chinese radio audience.

Pushing the frontiers of pop, the Californians have had to overcome Chinese red tape and relatively mild censorship to broadcast the first American pop music shows on China's radio network.

The reaction from Chinese young people to the twice-weekly one-hour programs has been positive. Still, some university students said they found it "too hard to follow the rhythms."

Many Chinese see the programs as an opportunity to learn about American culture, but few in this far-from-hip radio audience can understand the lyrics.

Donald J. Altfeld, a physician and songwriter who heads the company coproducing the shows, says the Chinese have no problem accepting John Denver, but Michael Jackson is another matter.

Altfeld says he's submitted 484 songs to Chinese radio officials so far and they have rejected about half a dozen.

Simon and Garfunkel's "Bridge Over Troubled Water" was almost rejected because the Chinese translation of the title, "Bridge Over Dirty Water," made the song sound indecent.

Officials are now trying to decide whether to accept Michael Jackson's "Rock With You," which offends with the line "I want to rock with you all night."

"They've given a new meaning to the words rock tape," said Jim Pierce, 32, a producer from Los Angeles. "We've had people trying to explain to Chinese bureaucrats what 'golly gee-whizz' means."

Altfeld, 48, who produced the song "It Never Rains in Southern California," and who calls himself "The Doc of Rock," worked through "very influential friends" in Washington to get President Ronald Reagan to endorse the first show with a 30-second recorded introduction.

"Ni hao," says Reagan in his message, using the standard Chinese greeting. "Music is the universal language. . . . We hope that this important cultural exchange is the beginning of even greater understanding, cooperation and friendship between our two great nations."

It was a coup for Altfeld to get the president's participation in what is a commercial venture designed to make a profit through advertising.

Reagan introduced the first program, which opened with Huey Lewis and the News in "The Heart of Rock 'n' Roll," followed by John

Denver's ballad "Take Me Home, Country Roads" and Lionel Richie's love song "Hello."

The programs range from rock to country music, rhythm and blues, and a few jazz numbers.

Long Zhen, a veteran female announcer and Chinese host for the programs, provides commentary in Chinese during the programs, which are broadcast Thursday evenings and Sunday mornings.

The Chinese have been exposed for several years now to pop singers from Hong Kong and Taiwan, and much of their own pop music reflects that influence.

Only five years ago, Communist Party officials branded Western pop music as a form of "spiritual pollution." And just a year ago, when the party was pursuing yet another campaign against "decadent bourgeois influences," no one would have imagined hearing Michael Jackson's "Bad" on Chinese radio.

The joint venture agreement between Altfeld's Santa Monica company and the Chinese national radio network follows an earlier agreement to permit a Beijing performance in 1985 by Wham!, the first internationally known Western pop music group to play in China.

China has no rating service, so there is no precise way of knowing how well Altfeld's "American Music Hour" is doing.

Altfeld is negotiating to get several American companies to advertise on the new radio program at a cost of \$5,000 a minute.

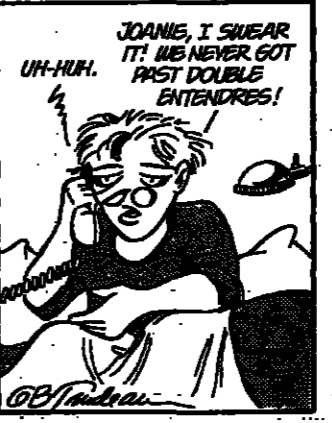
China has no rating service, so there is no precise way of knowing how well Altfeld's "American Music Hour" is doing.

China has no rating service, so there is no precise way of knowing how well Altfeld's "American Music Hour" is doing.

The ESCADA Corner in Paris Export discount Marie-Martine 8 Rue de Sèvres, Paris 6th.

Leather craftsman for the best designer labels. MERLENDER presents his own collection for his/her superb custom-made Leather Fur Rainwear.

DOONESBURY



Save 40% or more off your newsstand price when you subscribe for 12 months to the International Herald Tribune. The longer you subscribe the more you save. Includes a table with subscription rates for various countries and a guarantee section.

The Women's Institute for Continuing Education of The American College in Paris extends its warmest thanks to the generous sponsors of its 10th anniversary celebration. Lists various sponsors like Arthur Pierre, Booz-Allen & Hamilton Inc., etc.

Vertical sidebar with various advertisements and text, including 'Talk it The info', 'INTERNAT', 'London Dublin G', 'CULTY', and 'Inter'. Includes a small table with 'Dollar Values'.

Talk it over with DKB. The international bank that listens.

INTERNATIONAL STOCK MARKETS If London or N.Y. Sneeze, Dublin Gets Pneumonia

DUBLIN — The small Dublin Stock Exchange has done better so far this year than London or New York...

Founded in 1799, Dublin is one of Europe's oldest exchanges. Analysts and stock market officials acknowledge that, being affiliated to its much larger British cousin since 1973...

Those companies — Jefferson Smurfit, Cement Roadstone Holdings, Waterford Glass, Irish Distillers, Allied Irish Banks and the Bank of Ireland — have expanded abroad rather than rely on the stagnant, debt-laden domestic economy for growth...

BRENDAN DOWLING, head of strategy at Davey Stockbrokers, forecast that corporate earnings in this calendar year would rise by about 30 percent.

The stock exchange's general manager, Tom Healy, adopts a cautiously optimistic approach, saying, "We fell further but are recovering somewhat more quickly."

Slim Gain In Japan's Housing Starts in April Rose a Scant 2%

TOKYO — Growth in the Japanese housing industry slowed to a crawl in April after nearly two years of double-digit monthly increases...

The government said that construction of new houses increased only 2 percent in April from a year earlier, to 140,929 starts.

Soichiro Akahane, an economist for Bank of Tokyo Ltd., said housing investments have been bolstering the economy, so the slowdown is certainly a negative factor.

Japan's domestic growth is the strongest of the major industrialized nations. Rising interest rates were the key reason for the change in demand for housing, said Mark Pearson...



Silvio Berlusconi in his Milan office. Analysts say the power he wields through his control of Italy's publishing and electronic media is unmatched in most other nations.

They're Seeing Spots on Soviet TV Beaming Ads East, Italy's Media Man Expands Empire

By Steven Solomon. ROME — Earlier this month, Soviet television viewers got their first look at an American commercial — for Pepsi-Cola — as part of a Soviet experiment with foreign TV advertising.

For European advertisers, the route to Russian viewers will start with Silvio Berlusconi, the brash Italian television baron.

The Italian media tycoon and the Soviet Union will have to work out their apparent differences, if the American company that brought Pepsi to Soviet TV — Global American Television of Colrain, Massachusetts — decides to sign up European advertisers like Olivetti SpA as part of its own deal with the Soviet Union.

Programing may be an even bigger business for Fininvest if rules proposed by the European Commission, the executive body of the European Community, are enacted to reserve 60 percent of EC air time for programs made in Europe.

Currency Rates

Table with columns for Cross Rates, Other Dollar Values, and Forward Rates. Includes data for various currencies like USD, EUR, GBP, JPY, etc.

Interest Rates

Table with columns for Eurocurrency Deposits and Key Money Rates. Includes data for 1-month, 3-month, 6-month, and 1-year rates.

In Japan, a New Boom For Venture Capital

But This Time, the Craze Is Low-Tech

By Patrick L. Smith. TOKYO — When the venture capital industry swept Japan a few years ago, it was a boom like any other in many respects.

It was a costly craze, as these things go. And the boom and bust two years ago that dramatically thinned the ranks of Japan's fledgling venture capital companies has still not fully run its course.

Many of the questions raised when venture capital made its local debut still linger. Chief among them is whether the Japanese business environment, dominated by large corporations and discouraging to individual initiative, can sustain an industry devoted to finding the right combination of imagination, entrepreneurship and risk.



TAP Air Portugal advertisement. Text includes: 'Future Technology is Our Ancestral Art', 'We fly the face of History.', 'NAVIGATOR CLASS top executive'.

Telefonica Nears Accord To Revamp Moscow Phones

MADRID — Soviet and Spanish officials are to sign an agreement this week that would gradually replace Moscow's antiquated public telephone system with a modern Spanish-designed system...

Gold

Table with columns for U.S. Money Market Funds and Gold prices. Includes data for Merrill Lynch Ready Assets and various gold prices.

CURRENCY MARKETS

Dollar Rises on Rate Speculation

Compiled by Our Staff From Dispatches
FRANKFURT — The dollar gained in European trading on Monday, boosted by speculation that U.S. interest rates will rise and "optimism that a technical rally will continue.

had been exaggerated by the thin market.
"People hadn't been expecting much action with London and New York closed, so the rise caught them by surprise," one dealer said.
"Because the market was so thin, people had to bail out and square positions," another dealer added.

He noted that the Bank of England has repeatedly intervened over the last few weeks but only in small amounts and with little effect.
"I don't think the pound is going to stop rising before it reaches 3.20 at least," he said.

Bonn, Paris Agree on Stable Dollar

PARIS — The French finance minister said Monday that he had agreed with his West German counterpart on the importance of stabilizing the dollar at its current values.
Finance Minister Pierre Berégovoy of France met Finance Minister Gerhard Stoltenberg of West Germany for four hours of talks, in the second session of a new Franco-German economic council.

VENTURE: In Japan, the Emphasis Is on Low-Tech

(Continued from first finance page)
... expect the pool of limited-partnership funds to grow by about 20 percent this year, to 266 billion yen. Over the next three years, Jafco officials say, they expect 120 of the 330 companies in which the company now has investments to be offered publicly.

among companies that have already started toward an initial public offering. At Jafco, for instance, only 13 percent of the 68.8 billion yen the company has invested has gone into startup ventures.
Until recently, many U.S. venture-capital executives were at least tacitly critical of their Japanese counterparts for this preoccupation with "mezzanine financing," as later-stage investments are known, and an unwillingness to accept risks.

Survey Says Strong Pound Hitting Exports

LONDON — British exporters are suffering from the strength of the pound, according to survey results that the Confederation of British Industry released Monday.
The employers group said that export orders fell sharply in March, with the change from the previous two months attributed to falling orders at small companies.

Sweden Is Relaxing Rules On Corporate Investment

STOCKHOLM — Sweden's central bank said Monday that it was relaxing exchange controls governing foreign investment in the country and the purchase of foreign shares by Swedish companies.
The bank said that effective Tuesday, its formal consent would no longer be required for Swedish companies making foreign investments of less than 100 million kronor (\$16.8 million).

In addition, to be exempt, investment must be within the production, assembly, transport or sales sectors.
For other direct investments, the permission of the central bank will continue to be required. "This will normally be given once we establish that it is not a matter of a portfolio investment," the bank's statement said.

STREET: U.S. Brokers Study New Staff Reductions

(Continued from page 1)
... has a severe impact on smaller firms, industry officials said.
"It is conceivable that there will be some firms getting out of business lines, getting bought up, or going out of business," said Jeffrey B. Lane, president and chief operating officer of Shearson Lehman Hutton Inc.

"The mood on the street is restless and anxious," said Alan R. Ackerman, senior vice president of Grant & Co. "There is a high degree of uncertainty out there."
One trader added: "I think the industry is at a critical juncture right now. People are nervous about another wave of layoffs and believe that some are near at hand."

is down about 15 percent from the previous year.
Dwindling volume is the biggest threat to jobs in the industry, according to a recent study on the New York economy by New York University's Urban Research Center. According to the study, the drop in volume in recent months would lead to a loss of 18,000 jobs in the city by the end of the year, making the total number of jobs lost since the October crash more than 26,000.

Paris Commodities

Table with columns: Commodity, High, Low, Close, Bid, Ask, Chg. Includes items like SUGAR, COFFEE, and various metals.

Advertisement for Audemars Piguet watches. Features images of three watches: The automatic Tourbillon, the Perpetual Calendar, and the automatic Chronograph. Text includes 'THE MECHANICAL MASTERPIECES' and 'Audemars Piguet La plus prestigieuse des signatures.'

Indigo Take-off advertisement. A leading shoe manufacturer trades 12 times earnings while shares of the fastest-growing microcomputer line trade at a price/earnings ratio of less than 10. Includes contact info for Indigo Investment S.A.

Large table titled 'INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 30th May 1988'. Contains numerous fund names, symbols, and prices across various currencies.

Chemical Bank Home Loan advertisement. 100% UK Mortgages for E. *fast, personalised service. *funds immediately available. Phone our mortgage consultants on 01-384 3600.

FIDELITY INTERNATIONAL FUND advertisement. Société d'investissement à Capital Variable. 13, Boulevard de la Foire, Luxembourg. R.C. Luxembourg B 25054.

NOTICE OF GENERAL MEETING
A General Meeting of shareholders was convened for March 17, 1988 but, because of a lack of quorum, could not validly deliberate on item 9 of the agenda and was adjourned.

Handwritten signature: J. J. in Lito

BUSINESS ROUNDUP

Nissan Net P

Grid for the crossword puzzle 'Nissan Net P'. The grid contains numbers 1 through 60, indicating the starting positions for the words listed in the 'ACROSS' and 'DOWN' sections.

ACROSS
1 Pakula or Bates
5 Intimidate
8 Week's-end shout
12 Daquiuri ingredient
13 Sub-detection apparatus
15 Role for Marie Wilson
16 Pub orders
17 Shopper's concern
18 Carson's predecessor
19 Tennessee
22 Compass point
23 Varnish ingredient
24 Denounce as a failure
26 Summary
29 Emerson products
31 A.F.L.'s partner
32 Spiral
34 Boy Scouts' outings
36 Amperands
38 Unbroken
40 Break
41 Slight again
43 Immigrants' island
45 "pro nobis"
46 Makes off with
48 Current
50 It, in Italia
51 "nutshell
52 "Lanka
54 Type of typing
61 Trademark
63 Swell
64 Green vegetable
65 Copied
66 Redacts
67 A Karamazov
68 "The Way We
69 Rhine's river
70 "Eye of...
71 Hansom fee
73 Sort
74 Tents
75 "Into... life
76 "Window part
77 "out!
78 Years
79 Star of "The Pawnbroker"
80 Plumlike fruits
81 Bonaparte's punishment
82 Green vegetable
83 Reoccur's partner
84 Rico or Stutz
85 Reo
86 Hot springs
87 Espies
89 Intuits
92 Laundry
93 Transmit
94 "To a... Burns poem
95 Table linen piece
96 Side dish
97 Funambulist's footing
98 Bare
99 Crop
100 "Step...
101 7 Tex. city
102 Pinnacle
103 Boy Scout's defense
104 Superman's surname
105 Keats creation

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DENNIS THE MENACE



"GUESS WHAT, MOM! ALL THE MIRRORS IN THE HOUSE LOOK LIKE ME!"

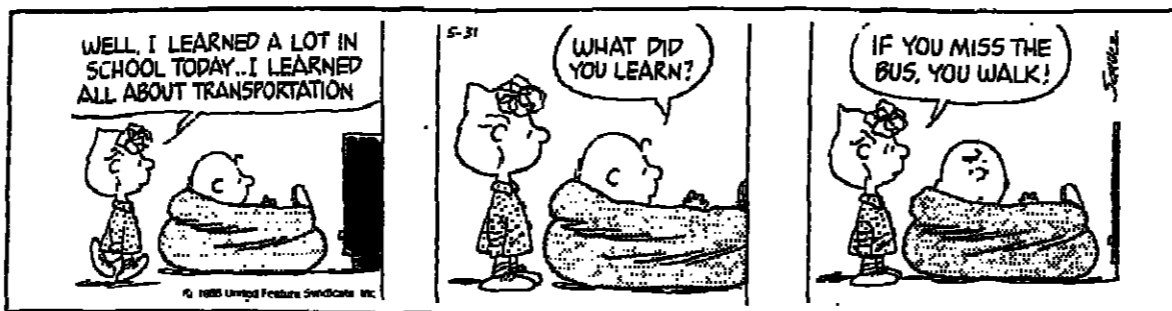
WEATHER

Weather forecast table with columns for Europe, Middle East, Oceania, and Asia. It lists high and low temperatures for various cities and regions.

TUESDAY'S FORECAST CHANNEL: Rough, FRANKFURT: Showers, Temp. 17 (63) - 21 (70). LONDON: Showers, Temp. 14 (57) - 18 (64). MADRID: Cloudy, Temp. 15 (59) - 21 (70). PARIS: Rain, Temp. 17 (63) - 21 (70). ROME: Partly cloudy, Temp. 18 (64) - 23 (73). TOKYO: Partly cloudy, Temp. 22 (72) - 28 (82).

Advertisement for Goldstar TVs and VCRs. It features the Goldstar logo and text: 'West Germany: the land of quality craftsmanship. West Germany: the land where 300,000 Goldstar TVs and 400,000 Goldstar VCRs are produced every year.' It also lists various Goldstar products like AEG, Philips, and Sharp.

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



BOOKS

IN SEARCH OF J.D. SALINGER

By Ian Hamilton. 222 pages. \$17.95. Random House, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Christopher Lehmann-Haupt

IAN HAMILTON ends his controversial and long-delayed book, "In Search of J.D. Salinger," on an ever so faintly bitter note. He admits that he can hardly rejoice that, whatever happens, his name and J.D. Salinger's will be linked in perpetuity as those of litigants or foes over Hamilton's right to use in his study selected quotes from Salinger's unpublished correspondence. That right was finally forbidden him, after much legal skirmishing, by the U.S. Supreme Court.

Still, when he asks himself why he doesn't feel "more victimized," he has to admit that when "this whole thing began," there was more to it than mere literary whimsy. There was more to it than mere scholarship. Although it now seems ludicrous, perhaps, to hear me say so now, I think the sharpest spur was an infatuation, an infatuation that bowled me over at the age of seventeen and which it seems I never properly outgrew. Well, I've outgrown it now.

This resolves, with something of a whimper, a drama that began for Hamilton as it did for many of us, when as an adolescent he read Salinger's novel "The Catcher in the Rye," fell in love with it, found it to have possessed him, and desired to possess Salinger in return.

But this is only the most elementary drama in a book with so many conflicting themes that in time it comes to seem less a study of a writer

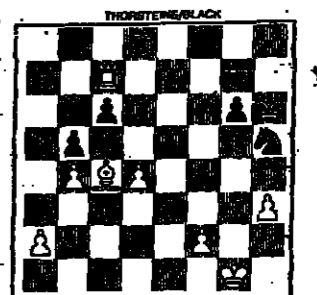
and more a study of the act of studying a writer. Not that a conventional biography doesn't emerge from the many layers of this rich and subtly dramatic book. Hamilton, an English-subject biographer of Robert Lowell to his credit, has acquired a substantial portrait more or less out of thin air, and it has much to recommend it to a public also hungry to possess the famously elusive J.D. Salinger. There is Salinger as a student at Valley Forge Military Academy, on the one hand the cynically straight-faced "joiner" who wrote a class song "Enshrined in the Valley Forge school hymn book, along with works by Marston Luther and John Wesley," and still sung at graduation ceremonies. ("Aye, so they'll know why misty are / Our eyes at last review.") There is a meticulous analysis of Salinger's literary development from a master of the commercial short story to the writer who preferred to withdraw completely from commerce. And, of course, there is a careful examination of that withdrawal. Hamilton respectfully avoids analyzing it psychologically, but he leaves the distinct impression that, despite its many subtle motives, it was undertaken not least of all to gain Salinger the very attention he purported to loathe. Yet Salinger is not the only one who comes out playing ambiguous games in these pages. Hamilton, too, seems divided against himself. On one hand, he is the writer who was only kidding when he made his subject so scrupulously respecting his privacy, who planned to write "a biography, yes, but it would also be a semi-journal in which the biographer would play a leading, sometimes comic, role. On the other hand, he is his own alter ego, the aggressive biographer who not only insisted on digging out the facts on Salinger's life, but who also hoped in the process to smoke out Salinger himself, or so we are led to suspect. What finally rescues this ill-starred literary venture is the point that Salinger may or may not have intended to make by blocking Hamilton from using his letters and the point that Hamilton may or may not have learned from his experience — namely, that to love a writer's work does not entitle one to possess him personally. And alternatively: To turn against a writer for whatever personal cause, does not by itself permit one to reject his work.

Christopher Lehmann-Haupt is on the staff of The New York Times.

CHESS

By Robert Byrne

ONCE again an Icelandic player triumphed on home ground. Following the success of Jon Aronson in the earlier Reykjavik Open Tournament, his fellow grandmaster Johann Hjartarson won the \$3,000 first prize in the Reykjavik Invitational Tournament. Hjartarson, who is a quarter-final world championship candidate, went undefeated in scoring 8-3 in the round-robin competition. The Soviet grandmaster Lev Polugayevsky came second with 7½-3½, a half-point ahead of the Icelandic grandmaster Marger Petursson, who took third place. This time Aronson was held to a fourth place tie with the Soviet grandmaster Mikhail Gurevich. Both had 6½-4½. In his game with the Icelandic international master Karl Thorsteins, Hjartarson tried out a quite new idea, but he won only with great difficulty. To forestall the looming 8-P-K4! in his game with Nigel Short in Belgrade last year, one point is that 8...NxP?; 9 BxK, KxK. However, the ending was not easy to win for White in view of the splintered white KB and saster for Black; 10 NxN, KR pawns. That is surely why PxN; 11 QxPch leaves the exchange of his bishop for the black king exposed. After 10 QxPch, Short had pawns with 30 RxP, PxR: 31



Position after 23... P-Qx4

played 10...K-B7; 11 B-B4, K-N2; 12 O-O, R-K1; 13 Q-B4, which may be sufficient for Black — who nevertheless lost. After 10...Q-K2; 11 B-B4, Alexander Belyavsky permitted himself a weak pawn with 11...B-K3; 12 BxK, QxQ; 13 QxQch, PxQ; 14 O-O-B, QxQ against Jesus Nogueiras in the recent World Cup Tournament in Brussels. Black actually won after Nogueiras made endgame errors, but this line of play does not inspire confidence. Thorsteins's 11...B-N5 was probably based on the idea of answering 12 N-K5 by 12...B-B4; 13 Q-K3, B-K3. Of course, after Hjartarson's 12 O-O, it would have been better to take a pawn with 12...B-N5 in defense and after 40 RxN; 41 P-N7, all become clear — it was useless to proceed with 41...R-R1; 42 P-R6, R-QN1; 43 P-R7. Thorsteins gave up.

World Stock Markets

Table of World Stock Markets showing closing prices in local currencies for May 30. It includes sections for Amsterdam, Frankfurt, Zurich, Tokyo, London, Madrid, Sao Paulo, Milan, Hong Kong, and Paris.

Table of Canadian and U.S. Stock Markets for May 30. It includes sections for Canadian stocks (e.g., Alcan, Bell Canada) and U.S. stocks (e.g., Dow Jones Industrial Average, S&P 500).

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هكذا من العمل

SPORTS

Celtics Nip Pistons, 79-78, Tying NBA Playoff Series at 2-2

The Associated Press
PONTIAC, Michigan — Dennis Johnson broke a tie by hitting one of two free throws with eight seconds left and the Boston Celtics evened the NBA Eastern Conference finals at 2-2 with a 79-78 victory over the Detroit Pistons on Monday.

Mavericks Tie Lakers

By William C. Rhoden
New York Times Service
DALLAS — Suddenly, the National Basketball Association playoff that so many Los Angeles fans thought might be over in four games has turned into a nightmare for the Lakers.

NBA PLAYOFFS

seven Western Conference title series at two games each Sunday by pounding the league champion Lakers, 118-104, before a frenzied sell-out crowd at Reunion Arena.



It wasn't alligators or Boris Becker but rain that sent Henri Leconte fleeing during a stormy day at Roland Garros. The 11th-seeded Leconte beat the fifth-seeded Becker, 6-7 (5-7), 6-3, 6-1, 5-7, 6-4.

Leconte Defeats Becker, Graf Wins and Sanchez Breeze On

By Robin Herman
New York Times Service

PARIS — Steffi Graf of West Germany, the No. 1 women's seed in the French Open, swept into the semifinals Monday, but the men's field again took a battering as constant rain delays and wicked winds plagued the tennis tournament.

scheduling on Tuesday of the match between top seed Ivan Lendl and No. 16 John McEnroe. Also set back a day was the fourth-round match between No. 4 Pat Cash of Australia and No. 14 Andrei Chesnokov of the Soviet Union.

Pirates' 18-Hit Attack Routs Braves, 14-2

The Associated Press
ATLANTA — Pitcher Doug Drabek tripled home a pair of runs in a six-run fifth inning and scattered eight hits over eight innings as the Pittsburgh Pirates routed the Atlanta Braves, 14-2, on Monday.

MONDAY BASEBALL

sent 11 batters to the plate in the fifth. They reached new season-highs with six runs on five hits in the fifth.

Lancaster was pressed into a starting role because of injuries to Rick Sutcliffe. Al Nipper, Bob Tewksbury and Scott Sanderson.

Danny Tartabull singled to center with two out in the seventh. Julio Franco extended his hitting streak to 18 games, the longest this season in the major leagues, with his fourth homer and a double.

A's 'Blow' Past Red Sox

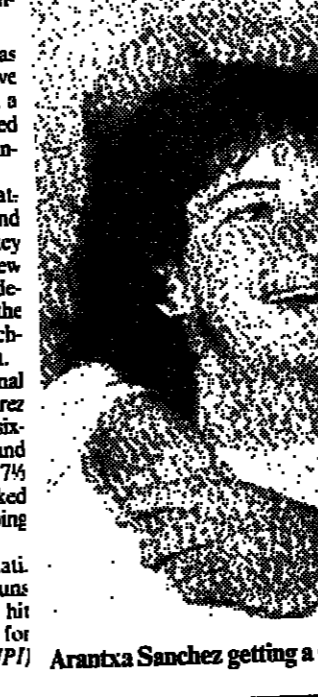
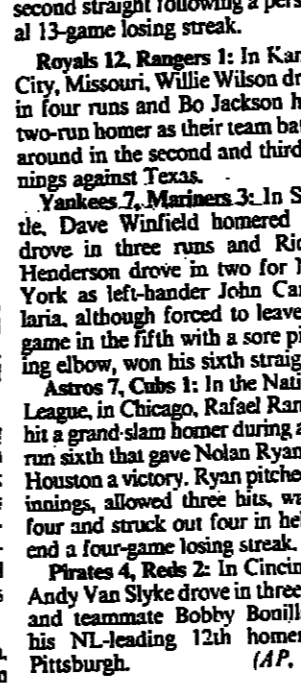
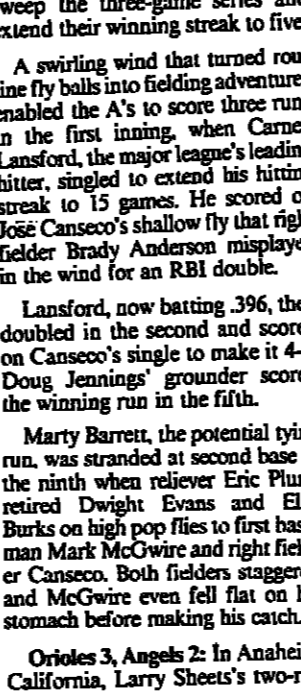
SUNDAY ROUNDUP

OAKLAND, California — The Boston Red Sox had no problems Sunday with pitcher Storm Davis, but a storm of another sort helped the Oakland Athletics win, 5-4, to sweep their three-game series and extend their winning streak to five.

single in the eighth ended Baltimore's latest losing streak at four as Mike Boddicker, who allowed four hits in eight-plus innings, won his second straight following a personal 13-game losing streak.

Royals 12, Rangers 3: In Kansas City, Missouri, Willie Wilson drove in four runs and Bo Jackson hit a two-run homer as their team batted around in the second and third innings against Texas.

Mychal Thompson and Rolando Blackman tangled rebounding, but it was the Lakers who came unraveled in a 118-104 defeat.



SCOREBOARD

Table with columns for Baseball, Basketball, and Tennis. Includes sub-sections for Sunday's Line Scores, Major League Leaders, and NBA Playoffs.

TENNIS

Table with columns for French Open Results, Mexico City Grand Prix, and National League.

AUTO RACING

Table with columns for Mexico City Grand Prix, Indianapolis 500, and Official Finish.

SIDELINES

Prost, McLaren Dominate Mexico Prix
MEXICO CITY (UPI) — Alain Prost of France charged to his third Formula One victory this season, with Brazilian teammate Ayrton Senna making it a 1-2 finish for McLaren in Sunday's Grand Prix of Mexico.

INDIANAPOLIS 500

INDIANAPOLIS (NYT) — Indianapolis 500 stewards made it official Monday that Emerson Fittipaldi had finished second, after all, in Sunday's race.

Strange Wins U.S. Golf by 2 Strokes

DUBLIN, Ohio (AP) — Curtis Stricker rallied with a five-under-par 67 Sunday to win the Memorial Tournament by two strokes over Hale Irwin and David Frost of South Africa.

Germans Arrest English Youth Team

MANNHEIM, West Germany (UPI) — West German police arrested the youth team of the English League's Bristol Rovers early Monday for disorderly conduct, a police spokesman confirmed.

For the Record

Don Lalonde of Canada stopped Leslie Stewart of Trinidad with an overhead right in the fifth round of a scheduled 12-round bout Sunday in Port-of-Spain, Trinidad, to retain the WBC light heavyweight title. (AP)

Quotable

George Tompkins, the attorney representing the Mercury Bay Yacht Club of New Zealand: "The challenger is entitled to an America's Cup match, not a nautical dog and pony show."

Quotable

Chicago White Sox pitcher Dave LaPoint, 28, to teammate Jerry Reuss, 38, on the occasion of Reuss' 200th victory: "That's something you can tell your grandchildren about — tomorrow."

San Francisco 49ers vs Miami Dolphins

Advertisement for American Bowl '88 featuring San Francisco 49ers vs Miami Dolphins. Includes logos for TWA, Budweiser, and Wembley Stadium.

Wembley Stadium

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